

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, JUNE 2, 2006

JOINT PETITION OF

THAMES WATER AQUA HOLDINGS GMBH
THAMES WATER AQUA US HOLDINGS, INC.
AMERICAN WATER WORKS COMPANY, INC.
VIRGINIA AMERICAN WATER COMPANY
UNITED WATER VIRGINIA INC.

AND

CASE NO. PUE-2006-00057

BLUEFIELD VALLEY WATER COMPANY

For approval of change of control pursuant to the
Utility Transfers Act, Va. Code § 56-88 *et seq.*

ORDER FOR NOTICE AND COMMENT

On May 12, 2006, Thames Water Aqua Holdings GmbH ("Thames GmbH"); Thames Water Aqua US Holdings, Inc. ("TWAUSHI"); American Water Works Company, Inc. ("American Water"); Virginia American Water Company ("VA American"); United Water Virginia Inc. ("United Water"); and Bluefield Valley Water Company ("Bluefield Valley") (collectively "Petitioners") completed a Joint Petition ("Petition") with the State Corporation Commission ("Commission") requesting approval under Chapter 5 of Title 56 of the Code of Virginia (§ 56-88 *et seq.*) ("the "Utility Transfers Act") for (i) the sale by Thames GmbH of up to 100% of the shares of common stock of American Water in one or more public offerings and (ii) prior to the closing of the initial public offering, the merger of TWAUSHI with and into American Water (the "Proposed Transaction"). Through the Proposed Transaction, the Petitioners will dispose of their current ownership and control of VA American, United Water,¹

¹ The direct owner of United Water's common stock is VA American, which is, in turn, owned by American Water.

and Bluefield Valley² (collectively the "VA Companies"). Following the Proposed Transaction, American Water will continue its ownership and control of the VA Companies in a new holding company structure. The Proposed Transaction will be conducted in accordance with the Securities Act of 1933, and the shares of common stock of American Water are intended to be listed on the New York Stock Exchange. The Petitioners submit that the Proposed Transaction will result in the continuous and seamless provision of reliable and adequate service by the VA Companies to all of their customers at just and reasonable rates.

Pursuant to § 56-88.1 of the Code of Virginia, the Commission must act on the application within sixty (60) days of the filing of the application, or the application will be deemed approved by operation of law. In addition, § 56-88.1 of the Code of Virginia allows the Commission to extend the sixty (60) day period "not to exceed an additional 120 days".

We note that the issues involved in the Petition will require additional time for review. As such, we are of the opinion that additional time is needed in which to investigate fully matters associated with the above-referenced Petition. Therefore, it is appropriate to extend the period of review, pursuant to § 56-88.1 of the Code of Virginia, through August 25, 2006.

NOW THE COMMISSION, having considered the matter, is of the opinion that the time period of review should be extended; that public notice should be given; that interested persons should be provided with an opportunity to comment and request a hearing; and that the Commission Staff should file a Report detailing the results of its review of the Petition.

Accordingly, IT IS ORDERED THAT:

- (1) The Petition is docketed as Case No. PUE-2006-00057.

² The direct owner of Bluefield Valley's common stock is West Virginia American Water Company, which is, in turn, owned by American Water.

(2) The period of review for the above-referenced Petition shall be extended forty-five (45) days, through August 25, 2006.

(3) The Petitioners shall promptly make a copy of the Petition available to the public, who may obtain a copy of the Petition, at no charge, by requesting it in writing from the Petitioners' counsel at the address detailed below.

(4) On or before July 14, 2006, interested persons may file written comments concerning the issues in this case with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P. O. Box 2118, Richmond, Virginia 23218. Comments shall refer to Case No. PUE-2006-00057. Interested persons desiring to submit comments electronically may do so by following the instructions found on the Commission's website:

<http://www.scc.virginia.gov/caseinfo.htm>. Comments may pertain to any issues associated with the merger described herein.

(5) On or before July 7, 2006, interested persons may request that the Commission convene a hearing concerning the Petition by filing a request for a hearing with the Clerk of the Commission at the address set forth above. Requests for hearing must include: (i) a precise statement of the filing party's interest in the proceeding; (ii) a statement of the specific action sought to the extent then known; (iii) a statement of the legal basis for such action; and (iv) a precise statement why a hearing should be conducted in this matter.

(6) If requests for hearing are filed pursuant to Ordering Paragraph (5) above, the Petitioners may file an original and fifteen (15) copies of any response to the requests on or before July 14, 2006.

(7) Any interested person desiring to participate as a party in this proceeding shall file with the Clerk of the Commission at the address set forth above, on or before July 14, 2006, an

original and fifteen (15) copies of a notice of participation as a respondent pursuant to Rule 5 VAC 5-20-80 B of the Commission's Rules of Practice and Procedure. A respondent shall simultaneously serve a copy of the notice of intent to participate on counsel for the Petitioners at the address set forth below. The notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Interested parties shall refer in all of their filed papers to Case No. PUE-2006-00057.

(8) A copy of any written comments or requests for hearing shall simultaneously be sent to counsel for the Petitioners, Richard D. Gary, Esquire, Hunton & Williams, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074.

(9) On or before August 16, 2006, the Commission Staff shall review the Petition and file a Report detailing the results of its investigation.

(10) The Petitioners shall respond to written interrogatories within ten (10) calendar days after receipt of same. Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice and Procedure.

(11) On or before June 16, 2006, the Petitioners shall publish the following notice as display advertising, not classified, throughout the Petitioners' service territory:

NOTICE TO THE PUBLIC OF A JOINT PETITION
OF THAMES WATER AQUA HOLDINGS GMBH,
THAMES WATER AQUA US HOLDINGS, INC.,
AMERICAN WATER WORKS COMPANY, INC.,
VIRGINIA AMERICAN WATER COMPANY,
UNITED WATER VIRGINIA INC. AND
BLUEFIELD VALLEY WATER COMPANY
CASE NO. PUE-2006-00057

On May 12, 2006, Thames Water Aqua Holdings GmbH
("Thames GmbH"); Thames Water Aqua US Holdings, Inc.
("TWAUSHI"); American Water Works Company, Inc.

("American Water"); Virginia American Water Company ("VA American"); United Water Virginia Inc. ("United Water"); and Bluefield Valley Water Company ("Bluefield Valley") (collectively "Petitioners") completed a Joint Petition ("Petition") with the State Corporation Commission ("Commission").

The direct owner of United Water's common stock is VA American, which is, in turn, owned by American Water. The direct owner of Bluefield Valley's Common stock is West Virginia American Water Company, which is, in turn, owned by American Water.

Petitioners request approval under Chapter 5 of Title 56 of the Code of Virginia (§ 56-88 *et seq.*) ("the "Utility Transfers Act") for (i) the sale by Thames GmbH of up to 100% of the shares of common stock of American Water in one or more public offerings and (ii) prior to the closing of the initial public offering, the merger of TWAUSHI with and into American Water (the "Proposed Transaction"). Through the Proposed Transaction, the Petitioners will dispose of their current ownership and control of VA American, United Water, and Bluefield Valley (collectively the "VA Companies").

Following the Proposed Transaction, American Water will continue its ownership and control of the VA Companies in a new holding company structure. The Proposed Transaction will be conducted in accordance with the Securities Act of 1933, and the shares of common stock of American Water are intended to be listed on the New York Stock Exchange. The Petitioners submit that the Proposed Transaction will result in the continuous and seamless provision of reliable and adequate service by the VA Companies to all of their customers at just and reasonable rates.

Copies of the Petition are available for inspection between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday, in the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia. Copies may also be downloaded from the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>, or may be obtained from the Petitioners' counsel, Richard D. Gary, Esquire, Hunton & Williams, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074.

On or before July 14, 2006, any person desiring to comment on the Petition may do so by filing such comments with

the Clerk of the Commission at the address set forth below. A copy of the written comments shall be simultaneously served on Petitioners' counsel at the address set forth above. Interested persons desiring to submit comments electronically may do so by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>.

Any person may request a hearing on the Petition by filing a request for a hearing on or before July 7, 2006, with the Clerk of the Commission at the address set forth below. Requests must include: (i) a precise statement of the filing party's interest in the proceeding; (ii) a statement of the specific action sought to the extent then known; (iii) a statement of the legal basis for such action; and (iv) a precise statement why a hearing should be conducted in this matter. Requests for a hearing shall be simultaneously served on Petitioners' counsel at the address set forth above.

Any interested person desiring to participate as a party in this proceeding shall file with the Clerk of the Commission at the address set forth above, on or before July 14, 2006, an original and fifteen (15) copies of a notice of participation as a respondent pursuant to Rule 5 VAC 5-20-80 B of the Commission's Rules of Practice and Procedure. A respondent shall simultaneously serve a copy of the notice of intent to participate on counsel for the Petitioners at the address set forth above. The notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Interested parties shall refer in all of their filed papers to Case No. PUE-2006-00057.

All written communications to the Commission concerning the Petition should be directed to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, Tyler Building, P.O. Box 2118, Richmond, Virginia 23218-2118, and shall refer to Case No. PUE-2006-00057.

THAMES WATER AQUA HOLDINGS GMBH,
THAMES WATER AQUA US HOLDINGS, INC.,
AMERICAN WATER WORKS COMPANY, INC.,
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UNITED WATER VIRGINIA INC. AND
BLUEFIELD VALLEY WATER COMPANY

(12) The Petitioners shall forthwith serve a copy of this Order on the Chairman of the Board of Supervisors of any county and upon the Mayor or Manager of any county, city, or equivalent officials in counties, towns, and cities having alternate forms of government located in the Petitioners' service territory. Service shall be made by first-class mail or delivery to the customary place of business or residence of the person served.

(13) On or before June 30, 2006, the Petitioners shall provide the Commission with proof of notice required by Ordering Paragraphs (11) and (12).

(14) On or before August 22, 2006, the Petitioners may file with the Clerk of the Commission an original and fifteen (15) copies of any response to the Commission Staff Report or to the comments filed with the Commission.

(15) Pursuant to § 12.1-31 of the Code of Virginia and 5 VAC 5-20-120 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*, the Commission assigns a Hearing Examiner to rule on any discovery matter that may arise in this proceeding.

(16) This matter is continued for further orders of the Commission.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:
Richard D. Gary, Esquire, and Charlotte P. McAfee, Esquire, Hunton & Williams, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074; C. Meade Browder, Jr., Senior Assistant Attorney General, Office of the Attorney General, Division of Consumer Counsel, 900 East Main Street, Second Floor, Richmond, Virginia 23219; and the Commission's Office of General Counsel and Divisions of Energy Regulation, Public Utility Accounting, Public Service Taxation, and Economics and Finance.